

August 31, 2007

Governor and General Assembly  
C/O Office of State Budget  
Attention: Karen Rhinehart  
1201 Main Street, Suite 950  
Columbia, South Carolina 29201

Dear Ms. Rhinehart:

The Department of Consumer Affairs is pleased to transmit its Budget Request for Fiscal Year 2008-09. The budget request has been prepared in an activity based format as requested and the activities have been prioritized to include an identification of the lowest priority. I am extremely pleased with the fortitude and endurance shown by our staff, in meeting the many challenges to protect the consumers of South Carolina, especially during lean budget times.

*The support of the General Assembly is critical for the Department.* Favorable concurrence of our budget request will enable the Department to continue the enhancement of consumer protection programs, meet the increasing workload, continuously improve our customer service systems, and effectively accomplish our mission to provide consumer education and protection. It is our hope that the Department's consumer credit expertise will be recognized, our stand against fraud will be enhanced, and our staffing and technology deficit will be rectified.

Please let me know if we can provide further information regarding our budget request.

Sincerely,

Brandolyn Thomas Pinkston

## FISCAL YEAR 2008-09 BUDGET PLAN

### I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name: Section 64 / R28 / Department of Consumer Affairs

B. Statewide Mission:

*Protect consumers from inequities in the marketplace through advocacy, mediation, enforcement, and education.*

The Department strives to be a **CREDIT** to our State by holding the following values as essential in our relationships and decision making:

*Competence*

*Respect*

*Equality*

*Dedication*

*Timeliness*

*Integrity*

C. Summary Description of Strategic or Long-Term Goals:

(1) **Obtain the necessary funding and personnel to effectively administer the laws assigned to the Department of Consumer Affairs.**

#### **Meeting Daily Challenges with Innovative Solutions**

- **As our FY 2008-09 request is being considered**, please do so mindful of the gratitude for any considerations given in FY 2007-08. The budgets for these two fiscal years represent important steps for the South Carolina Department of Consumer Affairs (SCDCA) in an ongoing effort to create a modern department capable of responding to 21st century challenges. Listening to consumers and meeting their needs with excellent service has long been a hallmark of SCDCA. The Department is committed to working for consumers while championing dialogue with businesses in a world characterized by dynamic change. Combining these forces will help South Carolina's citizens grow in knowledge, productivity, and self-reliance.
- **In recent years, SCDCA** has met challenges head-on by providing the public faster and easier access to information and services. In 2007, SCDCA garnered a significant return-on-investment for consumer and businesses alike by recovering nearly \$2.5 million for consumers, and saving more than \$90 million for businesses (savings occurs on an annual basis as a result of SCDCA's intervention). The State of South Carolina, the nation, and the world, benefit from the efficient and dedicated staff that provides valuable services and programs for consumers and taxpayers of this state. At SCDCA there's a belief that creative, responsible risk-taking in the pursuit of improved customer service is an action to be applauded and encouraged. While, there seems to have been a slight improvement of state revenues recently, the years of a weak economy and budget reductions have placed SCDCA in a 'catch-up' mode, especially in the area of technology and personnel. SCDCA wants to be able to compete and continue to recruit and retain highly qualified staff.

- **The Department continues to expand** its outreach to consumers by opening locations in underserved cities and towns across the state: launching ASK CONSUMER AFFAIRS, an interactive on-line chat service to assist consumers with questions and issues (provided nearly 1,500 on-line live chats). In the past Fiscal Year, **SCDCA handled more than 7,000 complaints**, 1,351 of which were still pending at year end. The top complaint categories were vehicle issues, financial institution matters, and debt collection.
- **By working with the South Carolina Business One Stop** program, SCDCA became the first state agency that provides filings for registered creditors and maximum rate filers in "real time." Department staff conducted over 23,000 license reviews; 491 compliance reviews; 118 automobile advertising advisory letters were sent; 2,990 insurance notices were reviewed; 4,521 business locations filed credit notifications; and 4,254 locations filed maximum rates.

**(2) Develop and enhance internal and external electronic capabilities to increase the Department's efficiency.**

- **Non-recurring funds in FY05-06 provided \$300,000** for a WEB enabled licensing and consumer complaint computer system developed in the new Microsoft DOTNET application system. The Department is currently in the process of expanding the development of online programs through a continued partnership with Department of Revenue. SCDCA also plans to enhance the efficiency ratio for processing consumer complaints and regulatory licensing applications. Continued technological modifications will ensure that SCDCA can adequately fulfill its regulatory oversight responsibilities, and make enhancements in the area of improved financial systems and accountability. The enhancement of SCDCA's external electronic capabilities is fueled by citizens who want the ability to receive information and services anytime and anywhere from government. This means that the Web is the critical path for delivery. Additionally, the department seeks to maintain the security of information, as the number of threats to the safety of public records increase. To accomplish this, extensive training of key SCDCA staff on information sharing, privacy issues and communication networks must be acquired.

**(3) Amplify external communications to increase the public's knowledge of the Department's services and accomplishments and develop regional satellite offices to enhance statewide service delivery to the citizens of South Carolina.**

- **SCDCA is uniquely positioned** to continue meeting the public's information needs since education is one of the primary focal points of the department----hence the need to promote lifelong consumer education to our citizens. SCDCA successfully brings together a vast array of useful state and federal information and makes it easily accessible to the public. Whether citizens want information in print, electronically, or over the telephone, SCDCA is their help desk for everyday life - giving answers and assistance they trust about the things that matter.
- **SCDCA continues to win accolades** from the media and from government colleagues for the excellence of its products. The Department was awarded the ACE Award for its monthly publication, Consumer Alert. The award was presented at the 2007 annual meeting of the National Association of Consumer Agency Administrators (NACAA) conference held in Philadelphia, Pennsylvania in June. The NACAA Achievement in Consumer Education (ACE) Awards recognized the achievements of consumer protection and advocacy initiatives across the country. Even with the increasing public shift to online information (Web hits totaled 4,352,435) and SCDCA embracing and harnessing innovation and technology, the department continues to distribute thousands of publications on subjects such as identity theft, credit, predatory lending, avoiding fraud, and learning about the state consumer related laws and regulations that affect daily lives.

- **The Media Center** mentioned in the strategic goal number two (2) will be the catalyst for the dissemination of consumer protection information through new technology services at the department.
- **Satellite locations** in Summerville, Laurens, and Gaffney have been very successful and plans are being made to continue the expansion of outreach efforts to the Pee Dee area and the counties of Jasper, Hampton and Allendale.
- **SCDCA released two reports** during a press conference on March 12, 2007. "Consumer Credit Counseling-One Year Later" and "The State of Mortgage Fraud in South Carolina" were produced to highlight SCDCA's accountability commitment to the citizens of South Carolina in this area. SCDCA has required that over \$800,000 be returned to consumers from businesses that did not follow the Credit Counseling Act. The report, "The State of Mortgage Fraud in South Carolina" looks at mortgage fraud conditions and trends across the state and recommends improvements to consumers. The report is a collaborative effort from SCDCA's sponsored South Carolina Mortgage Fraud Task Force. Partners included the US Attorney's Office, SC Attorney General's Office, Federal Bureau of Investigation (FBI), US Secret Service, Department of Housing and Urban Development (HUD) Internal Revenue Service (IRS) and the SC State Housing Finance and Development Authority. In the 2007 report from the Mortgage Asset Research Institute, South Carolina continues to show significant improvements in its efforts to reduce mortgage fraud---dropping from number one (1) in the nation in 2001 to number twenty-two (22) in 2006. SCDCA's Mortgage Fraud Report is included in the testimony of Denise Leonard (Director, National Mortgage Broker Association) before the United States Senate Subcommittee on Housing, Transportation and Community Development.
- **SCDCA held a free conference, HOMEBUYING 101:** Building the Foundation for Your American Dream on June 27. Over 150 first time home buyers attended. The conference assisted consumers in learning the importance of homeownership, the role of the lender, financial and household budgeting techniques, credit issues and the analysis of the credit report in the home buying process.
- (SCDCA) announced the recipients of the 2007 Consumer Spirit Awards in a Statehouse ceremony and presented awards to three honorees: **Heather Sullivan**, WSPA-TV, Spartanburg; **Jean Rinehardt Bridges**, West Columbia; and **The Honorable Linda Short**, State Senator, Chester. The *Consumer Spirit Award* was established in 2005, during the SCDCA's 30th anniversary, to honor an individual or organization that has made a substantial contribution to the citizens and consumers of South Carolina.
- SCDCA also sponsored its 2<sup>nd</sup> Annual Shred Day and "After Hours: Identity Theft" seminar to help consumers and businesses get a jump on their spring-cleaning and provide crucial protection against and education about identity theft.
- **SCDCA continues to hold its monthly "After Hours"** seminars and late-night operations (open until 7 pm).

**(4) Refine internal communications to enable staff to perform at the highest level possible.**

The Department has provided many opportunities for two-way communications to promote information sharing. The methods include input on program changes; divisional meetings; an internal communication organ; one-on-one communication with management; staff group reads, staff retreats and in 2007 a Think Tank, a place where staff can feel more free to propose and debate ideas that benefit and enhance the operations of the department.. All of these are vital methods for training staff and gaining their buy-in towards breaking down barriers to communication.

D.

Summary of Operating Budget Priorities for FY 2008-09:		FUNDING					FTEs			
		State Non- Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.: 1	Title: Maintenance of Program Effort	0	200,000	0	0	\$ 200,000	0	0	0	0.00
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> <u>Strategic Goal (1)</u> Activity Number & Name: 1349 Consumer Services, 1351, 1352 & 1353										
Priority No.: 2	Title: Executive Assistant	3,100	63,192	0	0	\$ 66,292	1	0	0	1.00
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> <u>Strategic Goal (1)</u> Activity Number & Name: 1353 - Administration										
Priority No.: 3	Title: Legal Enforcement & Investigation	18,600	253,992	0	0	\$ 272,592	6	0	0	6.00
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> <u>Strategic Goal (1) &amp; (3)</u> Activity Number & Name: 1350 – Legal Division										
TOTAL OF ALL PRIORITIES		\$ 21,700	\$ 517,184	\$ 0	\$ 0	\$ 538,884	7.00	0.00	0.00	7.00

E. Agency Recurring Base Appropriation:

State \$ 2,226,449

Federal\$ 30,000

Other \$ 1,735,808

- F. Efficiency Measures:** Throughout the many years of budget reductions, the Department realized that the same level of oversight could not be provided to each of the industries it regulates. To maintain quality services, the Department has ongoing dialogue with these industries and invites representatives to participate in monthly roundtables to discuss issues. This practice has continued and has proven to be cost effective and efficient and also allows for a better understanding of industry concerns and regulatory issues.

G.

Summary of Capital Budget Priorities: N/A			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.:	Project Name: Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	Project Name: Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	Project Name: Activity Number & Name:	Project No*:	0	0	0	\$ 0
TOTAL OF ALL CAPITAL BUDGET PRIORITIES			\$ 0	\$ 0	\$ 0	\$ 0

\* If applicable

- H. Number of Proviso Changes: One proviso change. #64.5

- I. Signature/Agency Contacts/Telephone Numbers:

\_\_\_\_\_  
Brandolyn Thomas Pinkston  
Administrator

Herbert Walker 734-4277  
Deputy Director

## II. DETAILED JUSTIFICATION FOR FY 2008-09 OPERATING BUDGET PRIORITIES

- A. Agency Section/Code/Name: Section 64 / R28 / Department of Consumer Affairs
- B. Priority No. \_\_1\_\_ of \_\_3\_\_
- C. (1) Title: Maintenance of program effort  
(2) Summary Description: SCDCA respectfully requests \$200,000 in recurring funds for maintenance of program effort. SCDCA currently has a shortfall of \$200,000 in its payroll accounts. Although agency employees have received cost of living increases, there has been no funding for upward reclassifications and salary increases that are necessary to maintain a highly skilled and highly trained workforce and to retain mission critical employees. A highly skilled and trained workforce is essential for SCDCA to accomplish its mission of protecting and educating consumers.  
(3) Strategic Goal/Action Plan (*if applicable*): This request relates to all four of the Department's strategic goals, which are explained in the Executive Summary.
- D. Budget Program Number and Name: Agency wide, except for Legal program. Program number II.
- E. Agency Activity Number and Name: 1349 Consumer Services, 1351 Consumer Advocacy, 1352 Public Information, and 1353 Administration.
- F. Detailed Justification for Funding
- (1) Justification for Funding Increase: In order to retain mission critical employees and enhance employee moral, upward salary adjustments were needed. A highly skilled and trained workforce is essential for the Department to accomplish its mission of protecting and educating consumers. Base funding is too low to pay rent and properly staff the Department to meet its statutory duties (see page 8 of the FY07 Accountability Report for a list of all the Department's responsibilities). One of the agency's primary strategic goals is to obtain the necessary funding and personnel to effectively administer the laws assigned to the Department of Consumer Affairs. Recurring funds in the amount of \$200,000 would allow the Department to meet its obligation to employees and keep pace with the current workload, continuously improve, and effectively deliver consumer education and protection. The State of South Carolina benefits from our efficient and dedicated employees who provide valuable services and programs for its citizens. The South Carolina Department of Consumer Affairs (SCDCA) recovered nearly \$2.5 million for South Carolina consumers and saved more than \$90 million for businesses during Fiscal Year 2006-2007. The breakdown by division is as follows: Consumer Services; \$1,297,135 – Legal; \$1,176,623 – Advocacy; Approximately \$90,000,000. Consumer education and protection is the primary purpose for the Department's existence and is essential to accomplishing agency goals and legislative mandates. With resources requested in this budget plan, the Department could stay ahead of the number of new complaints received, perform more on-site audits, bring more enforcement actions, and be more proactive in its public awareness efforts.

The Department complements educational, law enforcement, and public awareness efforts throughout South Carolina. For example, the Department notifies the appropriate law enforcement agency when a regulated business is no longer licensed or an individual is suspected of violating the law. The Department also alerts the media when new scams are discovered. To increase outreach efforts, the Department makes monthly visits to satellite locations in Gaffney, Laurens and Summerville. The Department also publishes a monthly “Buyer Beware” list of businesses that do not respond to consumer complaints. The Department continues to provide public awareness with the publication and distribution of the Consumer Alert which provides consumers with knowledge to make informed decisions. This publication was nationally recognized and recently awarded the ACE Award by the National Association of Consumer Agency Administrators at the annual conference held in Philadelphia, PA, in June of 2007. The Department also continues to host the Life Smarts – The Ultimate Consumer Challenge program which is designed to teach high school students about consumer and marketplace issues.

The Department collects licensing fees from mortgage loan brokers, staff leasing companies, prepaid legal services, and athlete agents. It also collects fines for violations of the various statutes it administers. South Carolina Consumer Protection Code, which is Title 37, authorizes the Department to protect consumers from inequities in the marketplace. Code §§ 37-6-104 (1)(c), 37-6-117 (e), and 37-6-118 (4) specifically require the Department to provide consumer education regarding legitimate and illegitimate business practices.

The Department does not have any additional resources to absorb this cost.

(2)

<b>FY 2008-09 Cost Estimates:</b>	<b>State Non-Recurring Funds</b>	<b>State Recurring Funds</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Personnel:</b>					
(a) Number of FTEs*					0.00
(b) Personal Service		200,000			\$ 200,000
(c) Employer Contributions					\$ 0
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses					\$ 0
<b>Total</b>	\$ 0	\$ 200,000	\$ 0	\$ 0	\$ 200,000
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					



(3) Base Appropriation:

State	\$ 2,226,449
Federal	\$ 30,000
Other	\$ 1,735,808

(4) Is this priority associated with a Capital Budget Priority?       No       If yes, state Capital Budget Priority Number and Project Name: \_\_\_\_\_.

G. Detailed Justification for FTEs      N/A

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State       40    
Federal               
Other       25  

Agency-wide Vacant FTEs as of July 31, 2007:   12  

% Vacant     18  %

H. Other Comments:

## II. DETAILED JUSTIFICATION FOR FY 2008-09 OPERATING BUDGET PRIORITIES (Continued)

A. Agency Section/Code/Name: Section 64 / R28 / Department of Consumer Affairs

B. Priority No.   2   of   3  

D. (1) Title: Executive Assistant II – Band 07

(2) Summary Description: This position will function as the Executive Assistant to the Administrator.

(3) Strategic Goal/Action Plan (*if applicable*): *This position will impact all strategic goal and plans for the Department.*

D. Budget Program Number and Name: Program Number I. - Administration

E. Agency Activity Number and Name: 1353 - Administration

F. Detailed Justification for Funding

(1) Justification for Funding Increase: This position was established many years ago, but was lost several years ago as a part of the budget cuts during the early part of this decade. We currently have a critical need to restore this position. The SC Consumer Protection Code (SCCPC) Administrator's Office (37-6-101 et. seq.) is a part of the Administration Division. The administrative powers granted by the SCCPC to the Administrator are extensive and include not only the licensing and investigative powers, but also broad administrative powers, including injunctions and the authority to adopt substantive rules and to issue Declaratory Opinions and Administrative Interpretations for all types of transactions covered by the Code. The Division of Administration is also responsible for providing budget, supply, personnel, training, data processing, news releases and consumer protection education and other administrative support to the S.C. Department of Consumer Affairs. This position would function as the executive assistant to the Administrator; providing assistance and support in legislative liaison capacities, providing research and resolution for difficult complaints and representing the Department on

statewide committees, making presentations to community and civic groups and also providing leadership in the agency's expansion and outreach efforts at satellite offices.

(2)

<b>FY 2008-09 Cost Estimates:</b>	<b>State Non-Recurring Funds</b>	<b>State Recurring Funds</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Personnel:</b>					
(a) Number of FTEs*		1			1.00
(b) Personal Service		44,382			\$ 44,382
(c) Employer Contributions		12,427			\$ 12,427
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses	3,100	6,383			\$ 9,483
<b>Total</b>	\$ 3,100	\$ 63,192	\$ 0	\$ 0	\$ 66,292
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$ 2,226,449
Federal	\$ 30,000
Other	\$ 1,735,808

(4) Is this priority associated with a Capital Budget Priority?       No       If yes, state Capital Budget Priority Number and Project Name: \_\_\_\_\_.

#### G. Detailed Justification for FTEs

(2) Justification for New FTEs

(a) Justification: Due to the broad caseload (6,000 complaints) and responsibilities of the Administrator and the broad expectations for the State Consumer Advocacy function in insurance and worker's compensation filings including 14

different licensing and regulatory responsibilities, the Administrator needs additional resources to meet the requirements and expectations of the Administrator's Office.

(b) Future Impact on Operating Expenses or Facility Requirements: This position will not impact future operating needs.

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title: Executive Assistant II					
(a) Number of FTEs	1				1.00
(b) Personal Service	44,382				\$ 44,382
(c) Employer Contributions	12,427				\$ 12,427

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State \_\_\_\_13\_\_\_\_

Federal \_\_\_\_

Other \_\_\_\_2\_\_\_\_

Agency-wide Vacant FTEs as of July 31, 2007: \_\_\_\_12\_\_\_\_

% Vacant \_\_\_\_18\_\_\_\_%

H. Other Comments:

## II. DETAILED JUSTIFICATION FOR FY 2008-09 OPERATING BUDGET PRIORITIES (Continued)

- A. Agency Section/Code/Name: Section 64 / R28 / Department of Consumer Affairs
- B. Priority No. \_\_3 of \_3\_\_
- E. (1) Title: Legal enforcement and investigation  
(2) Summary Description: The Legal Division needs additional resources to investigate and bring enforcement actions against licensees involved in fraudulent and unfair trade practices in the Mortgage Loan Broker industry, Pawn Broker industry and the Physical Fitness industry. An Attorney position is needed to interpret and provide counsel regarding violations and unfair trade practices under the Consumer Protection Code, (Title 37).  
(3) Strategic Goal/Action Plan (*if applicable*): Strategic goal # (1) & # (3).
- D. Budget Program Number and Name: Program II – Legal Division
- E. Agency Activity Number and Name: 1350 – Legal Division
- F. Detailed Justification for Funding

(1) Justification for Funding Increase:

The Legal Division needs additional resources to investigate and bring enforcement actions against licensees and other industries engaged in fraudulent and unfair trade practices. The Department regulates the Mortgage Broker, Pawnbroker, Physical Fitness and other industries, as well as Funeral Homes selling pre-need funeral contracts. Mortgage fraud is a very serious problem, nationwide, and investigation and enforcement of this activity is very labor intensive, especially since most first mortgage lenders are not regulated for compliance with the law. In addition to enforcement activity, the attorney position is needed to interpret and provide counseling to businesses and consumer regarding violations and unfair trade practices under the Consumer Protection Code. Total regulatory filings/locations increased by 28% in FY07 when compared with the prior fiscal year resulting in the need for more investigators and legal enforcement. There were an additional 7,533 Pre-need Funeral Contracts remitted to the Legal Division for review by the Funeral Services industry. These contracts and the associated trust funds require examination by Departmental investigators. The work load in the Mortgage Broker industry continued to grow as the Legal Division experienced a 32% increase in Broker satellite office locations and an increase of 17% in mortgage loan originator licenses. As a result of this work load increase, additional resources are justified.

(2)

<b>FY 2008-09 Cost Estimates:</b>	<b>State Non-Recurring Funds</b>	<b>State Recurring Funds</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Personnel:</b>					
(a) Number of FTEs*		6			6.00
(b) Personal Service		155,264			\$ 155,264
(c) Employer Contributions		43,474			\$ 43,474
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses	18,600	55,254			\$ 73,854
<b>Total</b>	\$ 18,600	\$ 253,992	\$ 0	\$ 0	\$ 272,592
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$ 2,226,449
Federal	\$ 30,000
Other	\$ 1,735,808

(4) Is this priority associated with a Capital Budget Priority?       No       If yes, state Capital Budget Priority Number and Project Name: \_\_\_\_\_.

G. Detailed Justification for FTEs

(3) Justification for New FTEs

(a) Justification: The Legal Division needs additional resources to investigate and bring enforcement actions against licensees involved in fraudulent and unfair trade practices in the Mortgage Loan Broker industry, Pawn Broker industry and the Physical Fitness industry. An Attorney position is needed to interpret and provide counsel regarding violations and unfair trade practices under the Consumer Protection Code, (Title 37). Total regulatory filings/locations increased by 28% in FY07 when compared with the prior fiscal year resulting in the need for more investigators and legal enforcement. There were an additional 7,533 Pre-need Funeral Contracts remitted to the Legal Division for review by the funeral services industry. These contracts and the associated trust funds require

examination by Departmental investigators. The work load in the Mortgage Broker industry continued to grow as the Legal Division experienced a 32% increase in Broker satellite office locations and an increase of 17% in mortgage loan originator licenses. As a result of this work load increase, additional resources are justified.

(b) Future Impact on Operating Expenses or Facility Requirements: These positions will not have any future impact on operating expenses other than what is included in this budget request.

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title: Investigator II					
(a) Number of FTEs	3				3.00
(b) Personal Service	73,905				\$ 73,905
(c) Employer Contributions	20,694				\$ 20,694

	State	Federal	Earmarked	Restricted	Total
Position Title: Attorney II					
(a) Number of FTEs	1				1.00
(b) Personal Service	36,476				\$ 36,476
(c) Employer Contributions	10,213				\$ 10,213

	State	Federal	Earmarked	Restricted	Total
Position Title: Administrative Assistant – Para Legal					
(a) Number of FTEs	1				1.00
(b) Personal Service	24,635				\$ 24,635
(c) Employer Contributions	6,898				\$ 6,898

	State	Federal	Earmarked	Restricted	Total
Position Title: Administrative Specialist II					
(a) Number of FTEs	1				1.00
(b) Personal Service	20,248				\$ 20,248
(c) Employer Contributions	5,669				\$ 5,669

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State       2  

Federal             

Other      20  

Agency-wide Vacant FTEs as of July 31, 2007:    12  

% Vacant    18  %

**H.   Other Comments:**



## FY 2008-09 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

### I. PRIORITY ASSESSMENT OF ACTIVITIES – HIGHEST PRIORITIES

A. Agency Section/Code/Name:           Section 64 / R28 / Department of Consumer Affairs

B.

<b>Priority Assessment of Activities – Highest Priorities</b>	<b>General</b>	<b>Federal</b>	<b>Supplemental</b>	<b>Capital Reserve</b>	<b>Other</b>	<b>Total</b>	<b>FTEs</b>
Activity Number & Name:1349 Consumer Services	762,977	0	0	50,000	30,000	\$ 842,997	17.0
Activity Number & Name:1350 Legal Division	108,610	30,000	0	25,000	1,132,236	\$1,295,846	22.0
Activity Number & Name:1351	299,173	0	0	10,000	197,039	\$ 506,212	6.0
Activity Number & Name:1353 Administration	836,770	0	0	25,000	349,033	\$1,210,803	15.0
Activity Number & Name:1352 Public Information & Education	218,899	0	0	90,000	27,500	\$ 336,399	5.0
<b>TOTAL OF HIGHEST PRIORITIES</b>	<b>\$ 2,226,449</b>	<b>\$ 30,000</b>	<b>\$ 0</b>	<b>\$ 200,000</b>	<b>\$ 1,735,808</b>	<b>\$ 4,192,257</b>	<b>65.0</b>

## FY 2008-09 ACTIVITY PRIORITY ADDENDUM

### II. PRIORITY ASSESSMENT OF ACTIVITIES – LOWEST PRIORITIES

A. Agency Section/Code/Name: Section 64 / R28 / Department of Consumer Affairs

B. Agency Activity Number and Name: 1352 – Public Information and Education

C. Explanation of Lowest Priority Status: In general and like in most small agencies it is very difficult to identify the lowest priority activity. We believe all of our activities are important and are considered mission critical activities. However, if we are required to identify the lowest priority activity we will start with our Public Information and Education Division. Although this program comprises a core objective of the mission of the agency, from a cost reduction perspective, we could eliminate this function and spread some of activities to other Divisions of the Agency.

D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
<b>Personnel:</b>						
(a) Number of FTEs	5	0	0	0	0	5.00
(b) Personal Service	153,850		0	0	0	\$ 153,850
(c) Employer Contributions	57,430		0	0	0	\$ 57,430
Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	7,619	0	0	90,000	27,500	\$ 35,119
<b>Total</b>	\$ 218,899	\$ 0	\$ 0	\$ 90,000	\$ 27,500	\$ 336,399

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):

The elimination of this activity would have a significantly adverse impact on the activity and the customers and taxpayers served. The adverse impact on customers would include the elimination of consumer protection information in the form of pamphlets and other literature relating to consumer protection. We would have to eliminate the consumer protection presentations we make in the Secondary School Systems of South Carolina and those presentations made to civic, community and profession groups. The services provided to South Carolinians relating to the recall of consumer products by the Federal Consumer Product Safety Commission would also be eliminated. The number of news releases to the Press and other networks would be significantly reduced. The recently established Call Center & Chat Room would be eliminated. The overall economic impact on the citizens and taxpayers of South Carolina can not be readily determined, but, we know it would certainly be significant and out weigh the cost of this program/activity. In summary our goal and objective to inform South Carolina consumers of market practices that are deceptive and unfair, and inform them of their rights and responsibilities as consumers would be significantly impaired and this would adversely impact the consuming public and taxpayers in South Carolina.

F.

<b>Summary of Priority Assessment of Activities – Lowest Priorities</b>	<b>General</b>	<b>Federal</b>	<b>Supplemental</b>	<b>Capital Reserve</b>	<b>Other</b>	<b>Total</b>	<b>FTEs</b>
Activity Number & Name: 1352 Public Information and Education	218,899	0	0	90,000	27,500	\$ 336,399	6.00
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
<b>TOTAL OF LOWEST PRIORITIES</b>	<b>\$ 218,899</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 90,000</b>	<b>\$ 27,500</b>	<b>\$ 336,399</b>	<b>6.00</b>